

**Washington, D.C.** - Today, Reps. David Price (D-NC) and Chris Van Hollen (D-MD) introduced the Presidential Funding Act, a bill to modernize the public financing system for presidential campaigns and enhance the influence of small donors in U.S. elections. The move comes as Republicans plan to bring to the floor a bill to abolish the public financing system. Coming in the wake of the Supreme Court's *Citizens United vs. FEC* decision, the Republican legislation would further open the floodgates to special interest money in politics by eliminating one of the most significant campaign finance reforms in our nation's history.

"Dare we forget what Watergate was all about? President Nixon's Committee to Re-elect the President, fueled by huge quantities of corporate cash, paid for criminal acts and otherwise subverted the American electoral system," Rep. Price said. "Let's not return to the darkest days of our democracy. We should be mending the system, not ending it."

"There is no question that the deluge of outside spending – especially in the wake of the *Citizens United* ruling – has fundamentally changed our democratic process for the worse. Unfortunately, instead of voting to pass the DISCLOSE Act and increasing transparency for voters, our Republican colleagues stood on the side of secret special interest spending. Now, Washington Republicans want to dismantle the public financing system for Presidential campaigns and allow big money, special interests to have even more influence. That is why I'm joining my colleague David Price in introducing this important legislation – it will ensure that voters continue to have a voice in our political process," said Congressman Chris Van Hollen (D-MD).

The presidential public financing system was enacted as part of the Federal Election Campaign Act of 1974, at a time when public confidence in government was at an all-time low. The system is funded through a voluntary income tax "check-off." It offers public matching funds to candidates who demonstrate their viability by raising small contributions. In exchange, they must abide by voluntary limits on private fundraising. The system has been credited with leveling the playing field by helping lesser-known candidates, such as then-Governor Ronald Reagan, run viable campaigns against better-funded opponents.

Because the program has not been updated since 1974, it has become increasingly inadequate for today's presidential campaigns, and in 2008 then-Senator Barack Obama became the first candidate to opt out of the system for the general election. The Price-Van Hollen proposal would modernize the system by increasing the public matching funds available to candidates, adjusting the program to today's front-loaded primary calendar, and further enhancing the role

of donors who contribute \$200 or less.

Instead of working to reform the system, however, the House Republican leadership has rushed to the floor legislation to repeal it altogether. This move comes in violation of their pledge run the House more transparently and with greater input from the minority party. Today, Rep. Price testified before the House Rules Committee opposing the Republican bill. Reps. Van Hollen and Price both plan to speak in opposition when the legislation comes to the floor. Video of Rep. Price's testimony is available [here](#).

"The public financing system ensures politicians are accountable to voters instead of special interests, but our colleagues can't even be bothered to remain accountable to their own rules," Rep. Price said. "Forcing a vote on legislation undermining 30 years of post-Watergate limits on money in politics without the approval of a single committee, and without even a single hearing in the committee of jurisdiction, is exactly what the new majority promised not to do."

A summary of the Presidential Funding Act is included below along with a selection of editorials supporting the need to "mend not end" the public financing system for Presidential campaigns. The Obama Administration has also announced it opposes the Republican proposal, [issuing a Statement of Administration Policy \(pdf\)](#).

### **Summary of the Presidential Funding Act**

#### **Background**

Every party nominee since 1976 has accepted public financing until the most recent election, when then-Senator Barack Obama opted out of the system. In doing so, now-President Obama vowed to work to modernize the system and restore its viability for candidates in future presidential elections.

#### **Primary Election**

- Eliminates the state by state and overall primary election spending limits.
- Increases the amount of matching funds for the presidential primaries from the current 1:1 match for up to \$250 of an individual's total contributions, to a 4:1 match for contributions from individuals of \$200 or less. In order to be matchable, a contribution must be from an individual who has not given, and will not give, more than a total of \$200 to the candidate. Participating candidates can receive up to \$100 million in matching funds.
- Requires a candidate who participates in the public financing system to agree to accept contributions of no more than \$1,000 from any person, instead of the current contribution limit of \$2,400. Participating candidates must also pledge not to accept any contributions from, or bundled by, lobbyists or PACs.
- Provides that to qualify for public financing in the primary election, a candidate must raise \$25,000 (increased from \$5,000 under current law) in each of 20 states, of which no more than \$200 can come from any one individual. A candidate also must commit to accept public financing in both the primary and general election.
- Moves the starting date for the payment of matching funds to primary candidates from January 1 of the election year to six months before the first presidential primary or caucus. Also establishes a single date – the Friday before Labor Day -- for payments of general election funding grants to the major party nominees.

## **General Election**

- Eliminates the general election spending limit on participating candidates.
- Provides a grant to participating general election candidates of \$50 million, payable on the Friday before Labor Day. Also provides up to an additional \$150 million in matching funds based on a 4:1 match of contributions raised after June 1 of the election year of up to \$200 per

donor.

- General election candidates can also raise up to \$500 per donor after June 1 of the election year. (Only contributions of \$200 or less will be matched.)
- Increases the limit on coordinated spending by a national party and its presidential candidate from approximately \$15 million to a total of \$50 million. The entire cost of an ad coordinated with a presidential candidate must be covered by that candidate with general election funds and the party committee with coordinated expenditure funds.
- Prohibits a participating general election candidate from soliciting funds for a joint fundraising committee that includes a party committee after June 1 of the election year, and prohibits soliciting for any party committee after September 1 of the election year.

### **General Provisions**

- Requires presidential campaigns to disclose all individuals or groups (not just lobbyists as under current law) that bundle contributions totaling more than \$50,000 in the four year election cycle. Prohibits the bundling of matchable contributions by anyone other than an individual or a party committee.
- Increases the amount of the check-off on the income tax form to fund the public financing system from \$3 to \$10 per individual and from \$6 to \$20 for a married couple, and indexes these amounts for inflation. Directs the IRS to require that approved tax preparation software does not automatically accept or decline a check-off of taxpayer funds for the public financing system.

### **Party Conventions**

- Eliminates public funding for the national party conventions.

- Allows individuals to contribute up to \$25,000 in each four-year presidential election cycle to pay for national party convention costs. These contributions would not count against an individual's aggregate contribution limit.
- Prohibits the use of soft money funds, including in-kind contributions from corporate and union sponsors, to pay for national party convention costs.

### Cost

- Estimated cost of the new presidential public financing system would be approximately \$275 million per year, or \$1.1 billion over a four-year period.

### **Editorials Supporting a "mend not end" approach to public financing**

#### **LA Times: (Editorial) You Can't Rush Reform**

1-25-11

The Republican Majority in the House wants to quickly—too quickly—repeal the system of public financing of presidential campaigns

Just as it voted to repeal healthcare reform without first holding hearings, the new Republican majority in the House is rushing to repeal the system of public financing of presidential campaigns. The vote, scheduled for Wednesday, is designed to show that Republicans are serious about cutting government spending. Public financing does deserve another legislative look 35 years after it was first used to diminish candidates' reliance on large donors and special-interest groups, but it shouldn't be the victim of a stampede.

Currently, presidential candidates are eligible for public funds to pay for their campaigns in exchange for an agreement to abide by spending limits. As several campaign reform groups pointed out in a letter to members of the House, every Republican presidential nominee from 1976 to 2008 used the public financing system to fund his general election campaign, as did every Democratic nominee except Barack Obama.

They also argued that public financing has served to increase the number of viable candidates and to promote competition. They cited the example of Ronald Reagan, who "was able to capitalize on his small-donor fundraising capacity to accrue substantial sums of public money." Reagan wasn't the only candidate to leverage private contributions to obtain public funding — and visibility.

Nevertheless, problems with the system have developed over time. One is that the payments are so low that they discourage participation in the program. Another is that candidates can raise sufficient funds without having to abide by the spending limits that come with public funds. That explains Obama's decision to refuse public funding. Finally, the Supreme Court's decision in the Citizens United case has made expenditure limits less important; even if a campaign abides by limits, the candidates' allies will be able to flood the airwaves.

All of these developments have inspired a major rethinking among campaign reform advocates. One result is legislation proposed by Reps. Chris Van Hollen (D-Md.) and David E. Price (D-N.C.) that would end spending limits but increase the role of small donors by giving candidates a 4-to-1 match for contributions of \$200 or less. That proposal and others, including abolition of public financing, deserve a fair hearing before the 2012 campaign begins in earnest. Meanwhile, the House should leave the present system alone.

Washington Post: (Editorial) System of Publicly Funding Presidential Campaigns Needs a Serious Fix

January 25, 2011

WHAT DO Ronald Reagan, Jimmy Carter and John McCain have in common? All three - and

others as well - fueled their presidential campaigns with federal matching funds. Absent that money, they might not have been able to mount serious primary efforts, and the political landscape would have been less competitive as a result.

The system of presidential public financing was set up in the aftermath of Watergate and worked well for a long time. During primary seasons, federal matching funds - the first \$250 of every contribution is matched on a dollar-for-dollar basis - helped sustain a more vibrant field of candidates. During general elections, full public financing for candidates who elect not to raise private funds eased the pressure on them to raise funds rather than connect with voters and reduced the influence of high-dollar bundlers. But the system is broken, the victim of spending limits that have not kept pace with the cost of modern campaigns and the new fundraising capacity unleashed by the Internet. In 2008, President Obama became the first candidate since the system was established to win the presidency solely with private money. He pledged at the time that he was "firmly committed to reforming the system as president, so that it's viable in today's campaign climate," but on that subject he hasn't been heard from since.

That's bad enough, but even worse is the planned move this week by House Republicans to abolish the presidential public financing system entirely. Leave aside that this proposal is being brought up without the benefit of committee hearings or serious debate. On the merits, it's a terrible idea. The potential cost savings are minimal - \$520 million over 10 years, according to Majority Leader Eric Cantor (R-Va.). The potential damage is huge. The last thing that the political system needs is having presidential candidates devote even more time to raising money and enhancing the influence of well-connected bundlers.

If anything, in the wake of ill-considered Supreme Court rulings that have paved the way for more campaign spending by outside interest groups, wealthy donors and corporations, the need for rehabbing the presidential funding system is even greater than during the 2008 campaign. Fix the system - don't junk it.

### **New York Times: (Editorial) Watergate? What's That?**

In the Republicans' thumbs up-or-down version of lawmaking, the House majority leader, Eric Cantor, is targeting for extinction the publicly subsidized presidential campaign finance system adopted in the wake of the Watergate scandals.

Mr. Cantor wants to kill off the program — rather than update its limits to meet the costs of modern campaigns. He says it is necessary for budget cutting. We suspect his real motive is to give an even bigger voice to big-money contributors in presidential campaigns.

The majority leader has made a show of soliciting taxpayer gripes on his blog and presenting them directly on the floor, as if he were the M.C. of a dance marathon. He appears determined to bypass the House's entire committee hearing system, just as the Republicans did last week when they voted to repeal the nation's new health care law. Why bother to review and refine?

President Obama should be the first politician to object. He was, regrettably, the first presidential nominee to entirely forgo the public subsidy system in favor of a bonanza in small-dollar Internet donations. Mr. Obama argued that he had no choice since the finance system was "broken," but he also vowed to fight for its repair.

The time for that fight is at hand. There are good proposals to update the subsidy formulas and take into account the virtue of small-dollar donors attracted via the Internet. A workable system is all the more necessary now that politics is plunging deeper into unlimited, secretive campaign donations after the Supreme Court gutted decades of sensible controls.

Killing a system that helped hold down campaign spending and defend the nation against the buying and selling of political office is the last thing that should be on the agenda of the new House majority.

# # #